



Office of the Chairman

November 24, 2009

Mr. Gene Sperling
Counselor to Treasury Secretary Timothy Geithner
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Sperling:

Thank you for inviting me to last week's Small Business Financing Forum, and for inviting participants to share ideas they did not have an opportunity to present. I would like to take this opportunity to share a policy idea for expanding access to credit for small businesses: raising or eliminating the statutory limit on member business lending by federally insured credit unions. With few exceptions, Congress set the member business lending limit at 12.25% of each credit union's assets. This limit was imposed as part of the Credit Union Membership Access Act of 1998 (CUMAA, PL 105-219).

As Chairman of the National Credit Union Administration (NCUA), I believe any lending limitations should be regulatory, not statutory. NCUA is best positioned to set requirements and maintain limits on member business lending, utilizing our direct supervisory knowledge and application of firm safety and soundness standards.

Historically, credit unions have been successful at making member business loans. NCUA supports a proper balance of serving business lending needs with a prudent regulatory framework to protect safety of the institutions and of the National Credit Union Share Insurance Fund. NCUA maintains reasonable regulatory standards that include: a credible loan-to-value limit of 75% or 80%, depending on the type of loan; a loan-to-one-borrower limit of the greater of 15% of credit union assets or \$100,000; and a 2-year direct experience requirement for the lending professional at the credit union.

Credit union member business loans total over \$27 billion in assets. The potential is much greater – both for credit unions and for small businesses.

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NCUA encourages the Department of Treasury and the Small Business Administration to support legislative and regulatory enhancements that will empower well-managed credit unions to make more business loans to members who need them. This will in turn help achieve your over-arching goals to create jobs and grow the economy.

Thank you for your consideration on this matter.

Sincerely,

/s/

Debbie Matz
Chairman